

Message Text

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PAGE 01 STATE 289833

46

ORIGIN EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STR-04 SSO-00 NSCE-00

USIE-00 INRE-00 AF-08 ARA-06 EA-07 NEA-10 OIC-02

AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 PRS-01 SP-02 FEAE-00

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FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS IMMEDIATE

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: ETRD, EEC

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PAGE 02 STATE 289833

SUBJECT: POULTRY/COGNAC

BEGIN UNCLASSIFIED

1. STR TODAY ISSUED FOLLOWING PRESS RELEASE ANNOUNCING
PARTIAL RESTORATION OF BRANDY DUTY:

QUOTE

PRESIDENT FORD HAS ISSUED A PROCLAMATION PARTIALLY RESTORING
DUTIES ON IMPORTED BOTTLED BRANDY VALUED AT OVER 13 DOLLARS
PER GALLON, AND BULK BRANDY VALUED AT OVER 9 DOLLARS PER
GALLON, TO THE RATE OF 3 DOLLARS PER GALLON. THIS ACTION
WAS ANNOUNCED TODAY BY FREDERICK B. DENT, THE PRESIDENT'S
SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS.

AMBASSADOR DENT EXPLAINED THAT THE ACTION FOLLOWS THE
INABILITY OF THE U.S. AND THE EUROPEAN COMMUNITY (EC) TO
AGREE ON MUTUALLY SATISFACTORY STEPS TO PRESERVE AND EXPAND
U.S. ACCESS TO THE EC MARKET FOR POULTRY, PARTICULARLY
TURKEYS AND TURKEY PARTS, PENDING A LONGER-RANGE COMPREHEN-
SIVE RESOLUTION OF THIS ISSUE IN THE CURRENT MULTILATERAL
TRADE NEGOTIATIONS IN PROGRESS IN GENEVA, SWITZERLAND.
IN 1974, THE U.S. REDUCED TO 1 DOLLAR-1 DOLLAR AND 25
CENTS PER GALLON THE 5 DOLLARS PER GALLON RATE ON BRANDY
VALUED AT BETWEEN 9 DOLLARS AND 17 DOLLARS PER GALLON.
THE U.S. ACTION WAS INTENDED AS A TEMPORARY, TWO-YEAR
MEASURE, TO ENCOURAGE RESOLUTION OF OUTSTANDING U.S.-EC
TRADE DISPUTES, INCLUDING MODERATION BY THE EC OF ITS
IMPORT RESTRICTIONS ON U.S. POULTRY EXPORTS. SINCE 1974,
HOWEVER, EC LEVIES ON U.S. POULTRY EXPORTS HAVE BEEN
INCREASED.

AMBASSADOR DENT EXPRESSED DEEP REGRET THAT DESPITE
INTENSIVE CONSULTATIONS IN RECENT WEEKS, A SATISFACTORY
SETTLEMENT OF THIS IMPORTANT ISSUE HAS NOT BEEN ACHIEVED.
HE EXPRESSED HOPE, HOWEVER, THAT IT WILL BE DEALT WITH
SUCCESSFULLY DURING THE COURSE OF THE TRADE NEGOTIATIONS
IN GENEVA.

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PAGE 03 STATE 289833

UNQUOTE.

2. DUTY MODIFICATION SHALL BE EFFECTIVE AS TO ALL ARTICLES
THAT ARE BOTH (I) IMPORTED, AND REPEAT AND (II) ENTERED,
OR WITHDRAWN FROM WAREHOUSE, FOR CONSUMPTION ON OR AFTER
EFFECTIVE DATE OF PROCLAMATION. WE WILL INFORM YOU OF
EFFECTIVE DATE OF PROCLAMATION AND POUCH PROCLAMATION AS
SOON AS IT IS RELEASED.

END UNCLASSIFIED BEGIN LOU

3. IN INFORMING COMMISSION, MISSION SHOULD STRESS

(A) DECISION IS TO RAISE DUTY TO ONLY 3 DOLLARS RATHER THAN 5 DOLLARS PER GALLON ON BRANDY BETWEEN 13 DOLLARS AND 17 DOLLARS AND ON BULK BRANDY BETWEEN 9 DOLLARS AND 17 DOLLARS. (I.E. 1 DOLLAR AND 25 CENTS RATE STILL APPLIES TO BOTTLED BRANDIES BETWEEN 9 DOLLARS AND 13 DOLLARS). (B) DECISION DOES NOT APPLY TO BRANDY IN BOND BEFORE EFFECTIVE DATE OF PROCLAMATION. YOU SHOULD UNDERSCORE USG REGRET THAT SATISFACTORY SETTLEMENT COULD NOT BE ACHIEVED AND OUR HOPE THAT ISSUE CAN YET BE RESOLVED. MISSION SHOULD URGE EC TO TAKE NOTE OF MODERATE NATURE OF U.S. ACTION, AND URGE EC TO EXERCISE SIMILAR RESTRAINT IN REACTING TO IT. IN PARTICULAR, WE HOPE EC WILL AVOID ANY ACTIONS RE THE TURKEY CAP WHICH WOULD MAKE EVENTUAL SOLUTION OF THE ISSUE MORE DIFFICULT. ROBINSON

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